



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
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September 3, 2013

The Honorable Board of Supervisors
County Of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**LOS ANGELES COUNTY SHERIFF'S DEPARTMENT'S RESPONSE TO THE
AUDITOR-CONTROLLER'S REVIEW OF EQUIPMENT AND SUPPLY
WAREHOUSING REPORT**

The Auditor-Controller has completed its report of the Los Angeles County Sheriff's Department's (Department) compliance with Los Angeles County (County) Equipment and Supply Warehousing Policies and Procedures. The Department is in general agreement with the report findings and has implemented or initiated corrective actions in response to the recommendations in the report.

Attached is the Department's response to the Auditor-Controller's Equipment and Warehousing Review.

Should you have any questions regarding the Department's response, please contact Division Director Glen Dragovich at (323) 526-5191.

Sincerely,

LEROY D. BACA
SHERIFF

**AUDITOR-CONTROLLER'S EQUIPMENT AND WAREHOUSING REVIEW OF THE
SHERIFF'S DEPARTMENT**

RECOMMENDATIONS AND SHERIFF'S DEPARTMENT RESPONSES

SHERIFF'S EQUIPMENT- NON-CAPITAL

RECOMMENDATION 1:

Sheriff's management immediately complete a physical inventory of non-capital equipment, investigate any discrepancies, and adjust non-capital equipment records to match physical inventory counts.

Sheriff's Response to Recommendation 1: Agree

In August 2013 the Department completed a physical inventory of firearms stored at its Central Supply Warehouse and agreed the on hand "Out of Service" handguns with the inventory records. The recount of handguns included verification of each weapon's serial number to the inventory records and did not identify any discrepancies. We are continuing to review what might have contributed to the original discrepancy in the Auditor-Controller's count of September 2012 to ensure the inventory records reflect the weapons on hand in the warehouse.

A physical inventory of the Department's non-capital equipment is being coordinated with all of the Division's with emphasis on locations identified in the Auditor-Controller's report.

RECOMMENDATION 2:

Sheriff's management ensure that all locations complete a physical inventory of non-capital equipment annually.

Sheriff's Response to Recommendation 2: Agree

Administrative and Training Division (ATD) is drafting a memo to all Divisions instructing them to conduct an annual inventory of their non-capital equipment.

RECOMMENDATION 3:

Sheriff's management develop and maintain a department-wide list of the managers/supervisors responsible for non-capital equipment at each location.

Sheriff's Response to Recommendation 3: Agree

In the proposed memo from ATD instructing all Divisions to conduct a physical inventory, one of the requirements is to have each Unit Commander develop a list of assigned managers/supervisors responsible for non-capital equipment within their Unit. This list will be directed to their Division Chief and forwarded to the Department's Internal Audit Unit.

RECOMMENDATION 4:

Sheriff's management ensure managers/supervisors at each location track the name of individuals that are assigned non-capital equipment.

Sheriff's Response to Recommendation 4: Agree

The annual physical inventory of each Unit's non-capital equipment will require the Unit Commander to include on the inventory listing the name of the individual assigned the asset. The individual assigned the equipment item will be required to sign the Unit's inventory listing confirming that the asset is in his/her custody.

SHERIFF'S CAPITAL EQUIPMENT

RECOMMENDATION 5:

Sheriff's management investigate the missing equipment identified during the audit, complete the required disposal forms, and/or include these items on the Report of Equipment Loss form filed annually with the Auditor-Controller as required.

Sheriff's Response to Recommendation 5: Agree

Subsequent to the Auditor-Controller's review, the Department conducted a review of the identified two missing Capital equipment items and successfully located both pieces of equipment. One item, the fingerprinting machine was disposed of in 2008 and will be removed from the Auditor's Capital Asset Report. The other missing piece of equipment, a Remote Operated Vehicle, was located at the assigned Special Enforcement Bureau location and was properly tagged.

RECOMMENDATION 6:

Sheriff's management ensure that equipment lists are complete and contain accurate information.

Sheriff's Response to Recommendation 6: Agree

The Department's Fixed Asset Unit and Internal Audit Unit will work with the Divisions to ensure that the bi-annual inventory of fixed assets is complete and accurate.

WAREHOUSING/ SUPPLY ANNUAL PHYSICAL INVENTORY

RECOMMENDATION 7:

Sheriff's management ensure that staff conduct and document physical inventories annually and use two person count teams.

Sheriff's Response to Recommendation 7: Agree

The Department's Internal Audit Unit will coordinate with the applicable Division to ensure that annual physical inventories are conducted and two person count teams are used to perform the counts.

RECOMMENDATION 8:

Sheriff's management determine the reason(s) for inventory count discrepancies and implement corrective action.

Sheriff's Response to Recommendation 8: Agree

The Department's Internal Audit Unit will work with the various units to ensure that inventory count discrepancies are researched as to the cause and a plan for corrective action is implemented.

ACCURACY OF REPORTED INVENTORY

RECOMMENDATION 9:

Sheriff's management ensure the accuracy of the supply inventories reported annually to the Auditor-Controller's Accounting Division.

Sheriff's Response to Recommendation 9: Agree

The Department's Internal Audit Unit will work with the assigned warehouse managers and Fiscal Administration's General Accounting Unit to ensure all supply inventories are reported accurately to the Auditor-Controller's Accounting Division.

SEGREGATION OF DUTIES

RECOMMENDATION 10:

Sheriff's management separate the inventory and ordering duties, and ensure staff with physical custody of supplies/non-capital equipment do not have access to supplies/equipment records, or develop compensating controls where necessary.

Sheriff's Response to Recommendation 10: Agree

The Department will ensure that inventory ordering and physical access are separated to the greatest extent possible and will instruct the Department's Internal Audit Unit to work with the warehouse managers to segregate duties and/or develop compensating controls.

PERPETUAL INVENTORY RECORDS

RECOMMENDATION 11:

Sheriff's management develop and maintain perpetual records for their supply warehouses.

Sheriff's Response to Recommendation 11: Agree

The Department will implement perpetual inventory records for its food and supplies inventories at the required locations.

INVENTORY EFFICIENCY

RECOMMENDATION 12:

Sheriff's management ensure staff track and monitor supply inventories for slow moving, obsolete and over/understocked items.

Sheriff's Response to Recommendation 12: Agree

The Department will ensure that warehouse/supply managers monitor stock to identify slow moving, obsolete, and over/understocked items.

RECOMMENDATION 13:

Sheriff's management dispose of obsolete or no longer used supplies in accordance with County policy.

Sheriff's Response to Recommendation 13: Agree

The Department will review the list of obsolete items provided by the Auditor and will dispose of the no longer used supplies in accordance with County policy.

INVENTORY TRANSACTIONS

RECOMMENDATION 14:

Sheriff's management develop and implement procedures to justify, approve and document inventory adjustments.

Sheriff's Response to Recommendation 14: Agree

The Department will develop standardized procedures to be used at warehouse locations to justify, approve, and document inventory adjustments and request their Internal Audit Unit to review and assist in the training of the procedures.

RECOMMENDATION 15:

Sheriff's management ensure inventory requisitions are completed and approved before stock is issued.

Sheriff's Response to Recommendation 15: Agree

The Department will ensure that requisitions are completed and approved for all stock issuances and are retained for audit review.

SYSTEMS SECURITY ACCESS

RECOMMENDATION 16:

Sheriff's management develop procedures to periodically review user's access, and limit inventory access based on each user's responsibilities.

Sheriff's Response to Recommendation 16: Agree

The Department will develop procedures to include the eCAPS Security Coordinator to conduct quarterly reviews of user roles and access to inventory records. For non-eCAPS inventory system users, the Internal Audit Unit will assess user access to inventory records and restrict access where necessary.

PHYSICAL SECURITY

Recommendation 17:

Sheriff's management restrict warehouse and stockroom access to only appropriate management/staff.

Sheriff's Response to Recommendation 17: Agree

The Department will ensure that access is restricted to only authorized users of the inventory.

MANAGEMENT OVERSIGHT

Recommendation 18:

To maintain proper accountability and security over all inventory Sheriff's management should increase the level of management oversight over inventory. Management

should also provide training on County inventory policies and procedures where necessary, and monitor for compliance.

Sheriff's Response to Recommendation 18: Agree

The Department will ensure that training of County inventory policies and procedures is conducted as part of its implementation of the eCAPS inventory system and will instruct its Internal Audit Unit to monitor for compliance.

INTERNAL CONTROL CERTIFICATION PROGRAM

RECOMMENDATION 19:

Sheriff's management ensure that the ICCP questionnaires are accurately completed, all internal control weaknesses are identified, and an improvement plan is developed to address each weakness.

Sheriff's Response to Recommendation 19: Agree

The Department's Internal Audit Unit will ensure that the ICCP questionnaires are completed accurately, internal control weakness identified, and corrective action plans developed.